

GROW IT FORWARD, INC.

**FINANCIAL STATEMENTS
WITH INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

DECEMBER 31, 2022

GROW IT FORWARD, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Grow It Forward, Inc.
Manitowoc, Wisconsin

We have reviewed the accompanying financial statements of Grow It Forward, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to error or fraud.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Grow It Forward, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

HAWKINS ASH CPAS, LLP

A handwritten signature in blue ink that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin
November 1, 2023

GROW IT FORWARD, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(See Independent Accountants' Review Report)

ASSETS

Cash	\$	71,456
Accounts receivable		10,029
Grants receivable		14,400
Inventory		83,504
Prepaid expenses		4,826
Property and equipment, net		<u>607,354</u>
 TOTAL ASSETS		 <u>791,569</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accrued payroll and related liabilities		31,447
Accrued interest		7,545
Deferred revenue - rental deposits		2,000
Note payable		<u>288,100</u>

TOTAL LIABILITIES		<u>329,092</u>
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NET ASSETS

Without donor restrictions		398,448
With donor restrictions		<u>64,029</u>

TOTAL NET ASSETS		<u>462,477</u>
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TOTAL LIABILITIES AND NET ASSETS	\$	<u>791,569</u>
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The accompanying notes are an integral part of these statements.

GROW IT FORWARD, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022
(See Independent Accountants' Review Report)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE, GAINS AND OTHER SUPPORT			
Contributions	\$ 211,098	\$ 60,981	\$ 272,079
In-kind contributions	381,855	-	381,855
Program revenue	94,602	-	94,602
Grant revenue	214,992	-	214,992
Special events	92,729	-	92,729
Rental income	5,440	-	5,440
Merchandise sales	395	-	395
Interest income	77	-	77
Net assets released from restrictions	8,112	(8,112)	-
TOTAL REVENUE, GAINS AND OTHER SUPPORT	1,009,300	52,869	1,062,169
EXPENSES			
Program	754,064	-	754,064
Management and general	129,753	-	129,753
Fundraising	91,602	-	91,602
TOTAL EXPENSES	975,419	-	975,419
CHANGE IN NET ASSETS	33,881	52,869	86,750
NET ASSETS AT BEGINNING OF YEAR	364,567	11,160	375,727
NET ASSETS AT END OF YEAR	\$ 398,448	\$ 64,029	\$ 462,477

The accompanying notes are an integral part of these statements.

GROW IT FORWARD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022
(See Independent Accountants' Review Report)

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and wages	\$ 214,809	\$ 67,435	\$ 15,882	\$ 298,126
Payroll taxes	13,737	4,344	1,048	19,129
Employee benefits	3,584	1,145	249	4,978
Dues and subscriptions	3,253	-	-	3,253
Professional fees	920	2,545	-	3,465
Supplies	32,845	359	-	33,204
Telephone	8,906	2,845	618	12,369
Food donations / purchases	388,746	-	-	388,746
Occupancy	15,488	4,948	1,076	21,512
Insurance	6,403	2,045	445	8,893
Repairs and maintenance	18,437	3,346	-	21,783
Printing and publications	-	7,996	-	7,996
Advertising and promotions	-	2,631	-	2,631
Travel	2,309	-	-	2,309
Conferences and training	-	125	-	125
Depreciation	44,627	14,256	3,099	61,982
Bank fees	-	3,685	-	3,685
Interest	-	10,045	-	10,045
Special events	-	-	69,185	69,185
Bad debt	-	2,000	-	2,000
Miscellaneous	-	3	-	3
TOTAL EXPENSES	<u>\$ 754,064</u>	<u>\$ 129,753</u>	<u>\$ 91,602</u>	<u>\$ 975,419</u>

The accompanying notes are an integral part of these statements.

GROW IT FORWARD, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022
(See Independent Accountants' Review Report)

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 86,750
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	61,982
Bad debt expense	2,000
Noncash inventory adjustment	(49,504)
Changes in assets and liabilities:	
(Increase) decrease in current assets	
Accounts receivable	(10,029)
Grants receivable	(14,400)
Prepaid expenses	(4,826)
Increase (decrease) in current liabilities	
Accrued payroll and related liabilities	24,821
Accrued interest	7,545
Deferred revenue - rental deposits	2,000
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>106,339</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(228,371)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(228,371)</u>
NET INCREASE (DECREASE) IN CASH	(122,032)
CASH AT BEGINNING OF YEAR	<u>193,488</u>
CASH AT END OF YEAR	<u>\$ 71,456</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>	
Cash paid during the year for interest	\$ 2,500

The accompanying notes are an integral part of these statements.

GROW IT FORWARD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - Nature of Organization and Significant Accounting Policies

Nature of Organization - Grow It Forward, Inc. (the "Organization") is an anti-hunger organization founded in 2014. The Organization uses good food to build community and feed change in Manitowoc County. Their mission is to provide people in need with dignified access to good food, along with opportunities to grow, cook, share and advocate for it.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all receivables, payables and other liabilities.

Basis of Presentation - The accompanying financial statements are prepared in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP) as codified by the Financial Accounting Standards Board.

The Organization is required to report information regarding its net assets and its activities based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents - The Organization's cash and cash equivalents consists of cash on deposit with banks. For purposes of the statement of cash flows, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization does not have any cash equivalents as of December 31, 2022.

Accounts/Grants Receivable - Receivables are stated at the amount management expects to collect from outstanding balances. Management has elected to record bad debt expense using the direct write-off method when receivables are determined to be uncollectible based on the periodic review of the accounts. U.S. GAAP requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Inventory - Inventory consists of purchased and donated food. Purchased food is valued at the lower of cost or net realizable value. Donated food is valued at the approximate average value per pound using an average of various retail prices per pound through the U.S. Bureau of Labor Statistics or various retail chain stores. Inventory is generally used on a first-in, first-out basis, but spoilage dates are also considered. Donated food/other product is reflected as in-kind contributions in the statement of activities.

GROW IT FORWARD, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued

Property and Equipment - All acquisitions of property and equipment in excess of \$1,000 with useful lives greater than one year are capitalized. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed on the straight-line method based on the following estimated useful lives:

<u>Asset</u>	<u>Life</u>
Furniture, fixtures and equipment	5 - 10 years
Vehicles	5 - 7 years
Building improvements	10 - 20 years
Buildings	39.5 years

Valuation of Long-lived Assets - U.S. GAAP requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management reviews all material assets annually for possible impairment. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. No assets are considered to be impaired at December 31, 2022.

Deferred Revenue - Payments received during the year for future services are deferred and recognized as income when earned.

Revenue Recognition - The Organization records the following exchange transaction revenue in its statement of activities and changes in net assets:

Special Event Revenue: The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event - exchange component, and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at the special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The performance obligation is the delivery of the event. The event fee is set by the Organization. The Organization combines in the statement of activities the exchange and contribution components of the gross proceeds from special events. Special event fees/sponsorships collected by the Organization in advance of its delivery are initially recognized as liabilities (deferred revenue) and recognized as special event revenue after delivery of the event. For special events fees received before year-end for an event to occur after year end, the Organization follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

Program Revenues: The Organization operates a café where guests purchase food and beverages developed as part of their programming. The performance obligation is the exchange of the food and beverage for cash. Revenue recognition occurs when the product is delivered to the customer.

Event Space and Other Rentals: Individuals and companies can rent out space at the Organization for the farmers market, gardens, and other events at the community center. The Organization has established rates for the various rental opportunities. The performance obligation is providing the various rental activity on the agreed upon date. Deposits are received on these activities and are included in deferred revenue until the event occurs at which time a final payment is received and the revenue is recognized in full.

GROW IT FORWARD, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued

Merchandise Sales: The Organization sells merchandise. The performance obligation is the delivery of the good to the customer. The transaction price is established by the Organization based on reasonable retail prices. As each item is individually priced, no allocation of the transaction price is necessary. The Organization recognizes revenue as the customer pays and takes possession of the goods.

Contribution Recognition - Contributions are recognized when received or unconditionally pledged. Conditional contributions and promises to give, are recognized as revenue when the barriers to entitlement are overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets is removed. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. Contributions that are not restricted by the donor are reported as an increase in net assets without donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Grant Recognition - Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

Grant awards that are contributions - Grants awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant awards that are exchange transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

In-Kind Contributions - The Organization records the value of donated goods when there is an objective basis to measure the value. Donated fundraising items are valued using the final amount received from the sale or raffle of the item. Donated goods are reflected as in-kind contribution revenue and donated fundraising items are included in special event revenue in the accompanying statement of activities.

Donated services are recognized as contributions if the services a) create or enhance nonfinancial assets or b) require specialized skills that are performed by people with those skills and would otherwise be purchased by the Organization. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution.

GROW IT FORWARD, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued

A substantial number of volunteers have made significant contributions of their time to the Organization's program and supporting services. The value of this contributed time is not reflected in these financial statements because the criteria for recognition have not been satisfied.

Functional Allocation of Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Those expenses include salaries and wages, benefits, payroll taxes, insurance, and certain office expenses, which are allocated based on estimates of time and usage as determined by management.

Advertising Costs - Advertising costs are expensed as incurred.

Use of Estimates - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Tax Status - The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization is also exempt from State taxation.

Accounting for Uncertainty in Income Taxes - U.S. GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by a taxing authority. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions, however, there are currently no audits in progress for any tax period. The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Subsequent Events - The Organization evaluated subsequent events through November 1, 2023, the date which the financial statements were available to be issued.

NOTE 2 - Concentration of Cash and Credit Risk

The Organization may have deposits with a financial institution at times during the year that exceed the Federal Deposit Insurance Corporation (FDIC) insurance threshold of \$250,000. The Organization's deposits at December 31, 2022 did not exceed the FDIC insurance threshold. The Organization does not require collateral or other security to support deposits subject to this credit risk.

GROW IT FORWARD, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 3 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of December 31, 2022:

Cash	\$ 71,456
Accounts receivable	10,029
Grants receivable	<u>14,400</u>
Total financial assets available within one year	95,885

Less amounts not available for general expenditure within one year:

Net assets with donor restrictions	<u>64,029</u>
Total financial assets available to management for general expenditure within one year	<u><u>\$ 29,856</u></u>

Liquidity Management

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$20,000, which it could draw upon.

NOTE 4 - Property and Equipment

A summary of property and equipment is as follows as of December 31, 2022:

Land	\$ 66,605
Buildings and improvements	324,852
Furniture and fixtures	15,415
Equipment	250,998
Vehicles	<u>56,069</u>
	713,939

Less: Accumulated depreciation 106,585

NET PROPERTY AND EQUIPMENT \$ 607,354

Depreciation expense amounted to \$61,982 for the year ended December 31, 2022.

NOTE 5 - Line of Credit

The Organization has a line of credit of \$20,000 which matures in October 2024. The interest rate is equal to the prime rate of 7.50% plus a margin of 1.00%, for the year ended December 31, 2022. The agreement is collateralized by substantially all assets of the Organization. There was no balance outstanding at December 31, 2022.

GROW IT FORWARD, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 6 - Long-Term Debt

The Organization's note payable is as follows at December 31, 2022:

Promissory note with the U.S Small Business Administration, with interest at 2.75% at December 31, 2022 and monthly payments of \$1,250. Collateralized by substantially all assets of the Organization. The note is due in May 2050.	\$ 288,100
Less current maturities	<u>-</u>
TOTAL	<u>\$ 288,100</u>

Aggregate maturities of long-term debt for the next five years and thereafter following December 31, 2022 are as follows:

2023	\$ -
2024	3,729
2025	7,271
2026	7,473
2027	7,682
2028 and thereafter	261,945
TOTAL	<u>\$ 288,100</u>

NOTE 7 - Net Assets

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2022:

Subject to expenditure for specified purpose:

Gift cards	515
Feed our future	23,808
Hydroponic flex farms	4,000
Program equipment	32,658
Other	3,048
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 64,029</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2022:

Satisfaction of purpose restrictions:

Food distribution	\$ 3,250
Gift cards	193
Other	4,669
TOTAL RESTRICTIONS RELEASED	<u>\$ 8,112</u>

GROW IT FORWARD, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2022

NOTE 8 - Leases

The Organization leased land from the City of Manitowoc that the Organization operated a community garden. The lease expired in March 2022 and was not renewed.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

NOTE 9 - In-Kind Contributions

The value of donated goods and services included as in-kind contributions in the financial statements and the corresponding expenses or assets are as follows for the year ended December 31, 2022:

Supplies	\$ 619
Inventory, food donations	381,236
TOTAL IN-KIND CONTRIBUTIONS	<u>\$ 381,855</u>

Contributed supplies received by the Organization are recorded as in-kind contribution revenue with a corresponding increase to supplies expense. Donated supplies are valued at the fair market value based on current market rates for similar items.

Donated food is valued at the approximate average value per pound by specific product category using an average of various retail prices per pound through the U.S. Bureau of Labor Statistics or various retail chain stores.

All contributed goods were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated supplies or food.